

No. 11008

IN THE

# United States Circuit Court of Appeals

FOR THE NINTH CIRCUIT

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OTTO H. KRUGER,

*Appellant,*

*vs.*

NED WHITEHEAD, doing business under the fictitious name  
of Whitehead & Co.,

*Appellee.*

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## APPELLANT'S BRIEF.

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HERBERT A. HUEBNER,

520 Title Insurance Building, Los Angeles 13,

*Attorney for Appellant.*

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PAUL M. O'BRIEN  
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## APPELLANT'S BRIEF.

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Appellant appeals from the final judgment [25]\* of the District Court of the United States for the Southern District of California, Central Division, holding appellant's United States Letters Patent 2,088,567 [44] invalid as to claims 1, 2, 4 and 5, and dismissing appellant's counterclaim for infringement of said patent, without passing on the issue of infringement.

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\*Throughout this brief, the numbers enclosed in brackets refer to page numbers of the Transcript of Record on Appeal.

## Jurisdiction.

This suit arises under the Patent Laws of the United States under which the District Court has exclusive jurisdiction (Sections 41 and 371 of Title 28 of the United States Code), and under the Declaratory Relief Act (Judicial Code, Section 274d, Title 28 U. S. C. A. Section 400). On November 15, 1944, the District Court entered its final judgment decreeing that claims 1, 2, 4 and 5 of patent No. 2,088,567 are invalid in law; that a permanent injunction issue restraining the appellant from further representing that Identification Cards forming the subject of the Patent and manufactured by the appellee are an infringement of said patent in issue; that the counterclaim be dismissed, and that the appellee have judgment for his costs. Said final judgment was entered November 15, 1944. Notice of Appeal was filed February 9, 1945, within three months of the entry of the final judgment appealed from (Section 230 of Title 28 of the United States Code).

## Statement of the Case.

On August 27, 1943, the plaintiff-appellee, Ned Whitehead, doing business under the fictitious name of Whitehead & Company, filed his complaint [2-6] in the United States District Court for the Southern District Court of California, Central Division, against Otto H. Kruger and John McK. Ballou for Declaratory Judgment, alleging the defendants' assertion of ownership of and infringement by plaintiff of United States Letters Patent No. 2,088,567 granted to defendant Otto H. Kruger on August 3, 1937, for an "Identification Card," and praying for a declaration of invalidity and non-infringement of said patent. Summary Judgment [11] was entered on April 17, 1944, dis-



missing the action as to the defendant McK. Ballou on the ground that he had no right, title or interest in or to the letters patent in suit at the date of the filing of the complaint.

On April 21, 1944, the defendant Otto H. Kruger duly served and filed an answer and counterclaim [12-15] to the plaintiff's complaint. The answer admitted that the defendant had charged plaintiff's customers with infringement of the patent, and further admitted that an actual controversy existed between the plaintiff and the defendant, Kruger, but denied the remaining allegations of the complaint. The defendant's counterclaim alleged the infringement by plaintiff of the patent and prayed for an injunction restraining the plaintiff from making, selling and using identification cards embodying the patented invention, and for an accounting of profits and damages. Plaintiff's answer to the counterclaim [16-18] set up the customary defenses interposed by defendants in patent infringement suits, *i. e.*, insufficiency of disclosure, lack of invention, and anticipation.

On September 7, 1944, a trial on the complaint and counterclaim was had before the Honorable Ben Harrison, Judge of the District Court. On October 16, 1944, Judge Harrison rendered a Memorandum Opinion [20-21] to the effect that the patentee had made no discovery and no invention and that therefore the patent was invalid. Findings of fact and conclusions of law [22-24] were signed and filed, holding claims 1, 2, 4 and 5 invalid as not the result of inventive genius but requiring only the work of one skilled in the art. On November 15, 1944, final judgment [25-26] in favor of the plaintiff was entered, and defendant's counterclaim was dismissed for want of equity.

At the trial the customary order of proof was reversed at the suggestion of the plaintiff [36], so that the case of the defendant was presented first.

The subject matter of the Ballou patent [44-47] is an unalterable identification card the primary current use of which is by employees in factories and offices. It comprises a card proper such as pasteboard containing printed or other identifying matter employing a selected ink or other medium of specified character, enclosed in a transparent soluble cover. The essence of the invention is in the use and combination of a cover material and ink (or other identifying medium) having the following related properties: A solvent which will dissolve the cover, as for unauthorized access to substitute a name or photograph or signature, will cause the ink, etc., to bleed or smudge or become distorted. The solvents are no part of the invention.

Such a card which cannot be altered was not known prior to the invention here before the court.

In its memorandum opinion [20-21] the lower court stated that the gist of the patent is the discovery of a solvent; whereas, in fact the solvent is no part of the invention but is referred to as an external agent which the elements of the card shall respond to in a given way.

The lower court stated [20] that the patent does not give or furnish the means of constructing the identification card, or the compounds used therein. This comment from the memorandum opinion was repeated in finding IX [23] but does not appear as a reason for adjudging

invalidity in the conclusions of law [24]. It appears that this final rejection of the point was intentional from further statements in the memorandum opinion. There, the trial court assigned a dilemma to the defendant, resolved it by accepting what the court construed to be defendants' evidence and used such solution against the patent.

The dilemma suggested was as follows: If *any ink*\* would be substantially *affected* by a solvent that would dissolve the covering, there was no discovery and no patent [21]. On the other hand, if only *certain inks* would be *affected*, there was a problem stated without the solution, and therefore an invalid patent. (Presumably the court meant that the selection of inks was the problem, and that a formula for suitable inks was not recited in the patent.) However, the court resolved the constructed dilemma by accepting the proposition that all inks would be substantially *affected* by the solvent. This solution was then applied against the patent by holding that the patent represented only the skill of the art, and also that no discovery was made. Just what the lower court meant is not clear. Skill of the art suggests a contribution not rising to the dignity of invention, whereas lack of discovery as the court apparently intended depends upon prior existence of the same thing as the patent. We shall discuss these points subsequently.

The court overlooked a vital distinction. Substantially "affecting" an ink does not fulfill the requirement of the

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\*Emphasis throughout this brief is ours.

patent nor the language of the claims. The identifying inked matter must be *distorted*. Even if all inks are “affected” by a given solvent, only some of them will *reveal distortion by bleeding*. Such inks are well known to ink experts, as discussed later in this brief. The court misconceived the patentee’s *problem* as that of *finding* certain inks that would be dissolved or caused to bleed by the same solvent that would dissolve the transparent covering, and then concluded that all inks would be substantially “affected” by such solvents, and that therefore the problem of discovering the proper ink did not exist.

It is true there was no problem in finding a suitable ink. Simple selection from known inks was sufficient, but an ink which would bleed or distort was needed, not merely one which would merely be affected.

The real problem was the production of an alteration-proof identification card, an *article of manufacture*. The solution to that problem is contained in the patent.

The only evidence offered by the plaintiff as prior art consisted of five patents [137 *et seq.*], none of which are pertinent. None of them are mentioned in the lower court’s memorandum opinion or findings of fact. This was not an oversight, as the court remarked at the close of the trial [135]: “I want to say frankly that I am not impressed much by the prior art.”

While plaintiff denied infringement in his pleadings, the facts to establish infringement are found in his answers to interrogatories [73 *et seq.*], and his counsel stipulated that claim 1 is infringed if broadly construed [41]. Claims 1, 2, 4 and 5 are in issue [41]. Defendant did not put in any evidence on the issue of infringement. The lower court made no finding of fact or conclusion of law on the issue, resting the judgment solely on invalidity.

## The Questions Presented.

1. Should the claims in issue of the patent No. 2,088,567 be adjudged invalid for want of invention or lack of a discovery when no pertinent prior art was introduced, especially in view of the lower court's misconception of what constituted the patentee's problem and how the patent solved it?

2. Should the claims in issue of the patent be adjudged invalid for insufficiency of disclosure when the testimony of the only expert witness called supported the sufficiency, and the alleged infringer was able to manufacture the patented identification card, and especially in view of the lower court's doubt as to the merit of such defense?

3. Is claim 1 of the patent to be construed so as to fall within the stipulation that it is infringed, and are claims 2, 4 and 5 infringed?

## The Invention.

Referring in more detail to the patent in issue, the patented article is an alteration-proof identification card, sometimes described as forgery-proof or counterfeit-proof.

The invention comprises the *combination* of a transparent *cover*, a *card* sealed within the cover, and distinguishing *matter* (such as ink, coloring, or the like) which may be in the form of characters or writing upon the card.

This *combination* of parts is so interrelated that the material of which the *transparent cover* is made and the *distinguishing matter* on the card are subject to the action of a *common solvent*. The solvent used is no part of the invention, being wholly unauthorized in any legitimate use of the invention. A solvent, when applied to an Identifi-



cation Card of the specified character during an attempted alteration thereof, which will dissolve the transparent cover, will dissolve (bleed) ink or other distinguishing matter, and thereby *smudge, distort* or otherwise *deface* the card so as to *clearly reveal* the attempted forgery. The amount of such "distortion" or "bleeding" of the distinguishing matter by such a solvent is stated by the patent to be such an amount as is "readily distinguishable" and "clearly indicated" in the event that forgery is attempted. (Defendant's Patent, Exhibit A, p. 2, column 1, lines 65-70; column 2, line 41 [46].)

It is especially important to note that the invention is not the "discovery" of a particular ink, a particular cover, or any other element of the combination, or of a solvent. The patent in suit is not upon a bleeding ink, *per se*, nor is it upon a material of which a transparent cover may be made, *per se*, nor, indeed, is it upon a common solvent for a bleeding ink and a transparent cover. Each of these elements is old and well known by one skilled in the art. Claim 1 reads as follows [46]:

"In an identification card, a cover that may be dissolved by a certain solvent, a card proper disposed under the cover, and distinguishing matter made to dissolve by the same solvent and associated with the card and the cover so as to disclose tampering with the card to the extent of reaching the matter by means of such solvent through distortion of the matter by the action of the contacting solvent."

The Ballou patent was the result of thorough prosecution in the Patent Office including consideration by the Board of Appeals. That Board expressly discarded [53] the prior art Goodsell patent 1,071,226 [137] which is

appellee's principal reference in the case at bar, if indeed that patent can be thus characterized, and allowed the foregoing claim over the Goodsell and other patents.

As stated by the Board of Appeals [53], the nature of the Ballou invention is as follows:

“The invention includes the combination of a soluble cover for an identification card which carries a soluble distinguishing character, the parts being connected by an adhesive and means being provided to disclose tampering with the card by means of a solvent which would be used to remove the cover.”

The invention fulfilled the need for an alteration-proof identification card that would contain an identifying photograph, printed material, signature or other legend preserved and protected in permanent form between transparent sheets of thermoplastic. Such an identification card could not be soiled, torn, marred, or forged.

The card serves as a pass for workmen, engineers, officials and the like to admit the bearer freely within the confines of a confidential public or private enterprise, and is an aid to national security in time of war.

It is necessary that the card be unalterable so as to disclose, at a glance, to a guard at the gate or to any casual observer, any attempt to alter the card. This object the patent accomplishes, for the following reasons:

(1) The card is encased in an adhering covering of thermoplastic which must first be penetrated or dissolved away before the identification can be reached.

(2) Furthermore, the invention conceived the use of bleeding ink or coloring matter as the identifying script or picture, so that, upon any attempt to dissolve the transparent cover, which is the only practical way to reach and change the identification, the ink or color would run

so as to create an obvious blot or smudge of the same or a changed color on the face of the card. Thereby, even though the transparent cover would be wholly dissolved away, the card containing the identification would be utterly ruined for further use.

The readiness with which even a partial attempt at alteration is detectable may be noted, for example, in the illustrations of the identification cards charged to infringe [10].

If the extent of the need for forgery-proof identification cards needs to be proved, it may be seen from the fact that from the time of its appropriation by the appellee, around January, 1942, to August, 1943, the date of suit, the invention had been put into use through infringing sales by the appellee by the U. S. Army, the U. S. Navy, the U. S. Army Air Forces, the U. S. Coast Guard, and numerous war plants including the Ford Motor Co., Douglas Aircraft Corp., Lockheed Aircraft Corp., Standard Oil Co., Bethlehem Steel Co., Henry J. Kaiser, etc. [71]. (For a more complete though still partial list of appellee's customers who were users see appellee's advertisement [71].)

Such spontaneous and wide acceptance gives eloquent testimony to the genuineness of the need and the degree of inventiveness shown by a device which almost instantly usurped the field. **Nothing like it had been known prior to the invention of the patent in suit.**

Such a contribution should not be lightly brushed aside and deprived of its just reward.

Appellee Whitehead had knowledge of the Ballou patent for an indeterminate time before he filed suit, for he offered to purchase the patent for \$10,000 [78-80].



### Specification of Errors Relied Upon.

(1) The District Court erred in holding in its Memorandum Opinion [21] that the problem was the finding of certain inks that would be dissolved or caused to bleed by the same solvent that would dissolve the transparent covering.

(2) The District Court erred in holding in its Memorandum Opinion [20] that the gist of the patent is the discovery of a solvent that, when it dissolves the transparent covering, usually celluloid, also destroys or mutilates the printed matter within.

(3) The District Court erred in holding in its Memorandum Opinion [21] that the witness Horowitz testified that any ink would be substantially affected by the use of a solvent, such as acetate, that would dissolve the covering.

(4) The District Court erred in holding in its Memorandum Opinion [21] that under either the patent holder's or the plaintiff's evidence the patent is clearly invalid.

(5) The District Court erred in its finding of fact number VIII [23] that the United States Letters Patent No. 2,088,567 discloses an identification card comprising a sheet of paper with certain printed markings thereon enclosed in a transparent cover, such as cellulose acetate, on which the printing on the card is done in ink that will bleed and disappear when a solvent for the cover is applied thereto.

(6) The District Court erred in its finding of fact number IX [23] that the patent in suit does not give or furnish the means of constructing such an identification card or the compounds used therein.

(7) The District Court erred in its finding of fact number X [23] that all inks would be substantially affected by the use of a solvent for the acetate cover.

(8) The District Court erred in its finding of fact number XI [23] that the patent in suit is not the result of inventive genius but at most required only the work of one skilled in the art, and no discovery was made by Ballou.

(9) The District Court erred in its finding of fact number XII [23] that all inks would be substantially affected by the solvents for the coverings.

(10) The District Court erred in its conclusion of law number II [24] that claims of patent No. 2,088,567 numbered 1, 2, 4 and 5 are invalid.

(11) The District Court erred in not adjudging that the patent in suit is valid and infringed by the identification card manufactured by plaintiff.

(12) The District Court erred in its conclusion of law number III [24] that defendant's counterclaim should be dismissed for want of equity.

(13) The District Court erred in granting an injunction to the plaintiff [24].

(14) The District Court erred in that its judgment in favor of plaintiff was contrary to the weight of the evidence.

(15) The District Court erred in failing to give judgment for the defendant because the plaintiff failed to sustain his burden of proof.

## Summary of Argument.

I. Appellee had the burden of proof as to invalidity, and did not sustain it because

1. No pertinent prior art was produced.
2. No expert testimony as to insufficiency of disclosure was offered.
3. The lower court's observation that the patentee made no discovery is erroneous.

II. The patent is fortified by

1. Presumption of validity.
2. Board of Appeals decision.
3. Utilization of the invention by appellee and numerous customers.
4. Testimony of expert supporting sufficiency of disclosure.

III. The patent should be broadly construed because there is no limiting prior art.

IV. Infringement is established by appellee's answers to interrogatories, including his own advertisements, and by stipulation of appellee's counsel.

## ARGUMENT.

### I.

#### Appellee Had the Burden of Proof as to Invalidity, and Did Not Sustain It.

It is settled law that the burden of proof is on the party alleging invalidity to prove it beyond a reasonable doubt (*Schumacher v. Buttonlath Mfg. Co.*, 292 Fed. 522, 530 (C. C. A. 9); *Walker on Patents* (Deller's Ed.), Vol. 2, p. 1273), regardless of the reversal of the normal order of proof. (*Wigmore on Evidence*, Vol. 9, p. 285.) Moreover, appellee having taken the initiative as plaintiff, thereby increased such burden.

The certified copy of the Letters Patent No. 2,088,567 introduced in evidence [42] established a *prima facie* case in favor of the appellant in both the main action (declaratory relief) and the counterclaim. (*Mumm v. Decker*, 301 U. S. 168, 171.)

#### 1. No Pertinent Prior Art Was Produced.

Appellee pleaded seventeen patents as prior art [5] and offered five of them in evidence [112 *et seq.*]. Appellant sought to offer testimony to distinguish them [128] but met with an objection from appellee's counsel and discouragement by the court. The lower court was "not impressed much by the prior art" [135].

The closest prior patent is Goodsell No. 1,071,226 [138], for a plant label. It was before the Board of Appeals; and in the word of appellee's own counsel "It does not refer to the character of ink at all" [129]. It does not in any sense meet or suggest the terms of Ballou's claims.

2. No Expert Testimony as to Insufficiency of Disclosure  
Was Offered.

The only competent evidence upon the sufficiency of a disclosure is that of one skilled in the art, *i. e.*, an expert. Walker on Patents (Deller's Ed.), Vol. III, page 2035, states:

"The twelfth defense (insufficiency of disclosure, *ibid.*, page 1976) can be supported by *no* evidence *except* that of persons skilled in the art to which the invention pertains, or with which it is most nearly connected."

Walker cites *Anraku v. General Electric Co.*, 80 F. (2d) 958, 963, C. C. A. 9, 1936, certiorari denied 298 U. S. 678, 80 L. Ed. 1399. In that case this court said:

"A description of the patent under the statute is sufficient if it will 'enable any person skilled in the art \* \* \* to make \* \* \* and use the same.' To determine, therefore, whether or not a description is sufficient, we must ask the people who are in fact skilled in the art, for a court will not presume to be skilled in every art which may be involved in controversies."

And again:

"With regard to the usual contentions made by those claiming insufficiency of description, it was aptly stated in *General Electric Co. v. R. P. Mallory & Co.*, *supra*, 298 Fed. 579, page 588: 'Patents often lend themselves to finespun theories; but it is singular how plain they are if they are worth anything to the man who wishes to infringe for profit.'"

Also see *Schumaker v. Buttonlath Mfg. Co.*, *supra*, 292 Fed. 522, C. C. A. 9 (relied upon in *Anraku v. General*

*Electric Co., supra*), which is in many respects close to the present case on its facts. On page 533 this court said:

“We find no evidence in the record even tending to show that the disclosures were not sufficient to enable any person skilled in the art to make, construct, compound and use the same . . . . Certain it is the disclosure was sufficient to enable the defendant to procure in the paper market the required quality of paper and follow plaintiffs’ process in other respects.”

The sole oral evidence introduced by the appellee is the testimony of Ned Whitehead [116] of whom the court said at the conclusion of the trial [135]:

“\* \* \* you have the testimony of the expert for the defendant and the testimony of the plaintiff in the case, *who is not an expert*, because he said he was a salesman until he started in his own business in 1942. Up to that time he was in the sales end of the game. After that he started out on his own, making these machines for the purpose of manufacturing these identification cards.”

Whitehead’s whole testimony [116] related to his inability *as an acknowledged layman* to procure an ink that would bleed under all solvents for his cellulose acetate cover.

Whitehead’s testimony is divisible into two parts:

a. His statements that no ink manufacturer contacted by him had been able to furnish him with an ink that would bleed under all solvents.

b. His testimony of experiments he had allegedly conducted showing (at most) that some nine inks allegedly submitted to him would bleed under the action of certain



solvents, though they would allegedly not bleed under the action of certain other specified solvents. The results of these alleged experiments are set forth in evidence as Plaintiff's Exhibits 9-A to 9-H, inclusive.

Neither part of Whitehead's evidence is sufficient to warrant an inference that no suitable ink existed. The evidence of Whitehead's alleged experiments was to bolster the feeble evidence of his alleged inability to find a suitable ink.

Taking Whitehead's testimony in the light most favorable to him, it can only be spelled to say that he as a layman did not find a suitable ink. At the close of his direct examination he said [119-120]:

(Question by Mr. Frederick W. Lyon): "Summing up your testimony, Mr. Whitehead, it is that you have been manufacturing identification cards for some time?"

(The Court): "For how long?"

(Answer by Ned Whitehead): "*Since January 1, 1942.*"

(Question, the Court): "What was your business prior to that time?"

(Answer): "Manager Jeffries Banknote Company, as a salesman, and 10 years before that I was with an art company."

(Question by Mr. Frederick W. Lyon): "During *all that time* have you made continuous requests for ink that will bleed in these solvents, from the *various companies?*"

(Answer): "Yes."

(Question by Mr. Lyon): "*And no company has ever been able to send you ink that would bleed in even half of the known solvents?*"

(Answer): "No."

(Question): "That is all."

Yet upon cross-examination the “various companies” narrow down to one company [121]:

Question by Mr. Franklin: “You said that you went to certain companies to get these inks that bleed under certain solvents. Will you name those companies?”

Answer of Ned Whitehead: “I said I went to a company. That was Fuch-Lang, in New York. They are a division of the General Printing Corporation.”

Question: “That was *one* company you went to?”

Answer: “Yes.”

Question: “They couldn’t make the ink, you say?”

Answer: “That would bleed in all solvents, no.”

Solely by the above evidence and a few exhibits constituting the evidence of alleged experiments made *ex parte*, the appellee sought to prove that appellant’s patent was invalid as containing an insufficient disclosure. Such evidence is manifestly inconclusive and indirect. It is not the testimony of an expert, though it purports to establish what only an expert may testify to—to wit: the sufficiency of a disclosure.

In *Carson v. American Smelting & Refining Co.*, 4 F. (2d) 463 (1925), C. C. A. 9, rehearing denied, it was held, at pages 465-466, that evidence of “experiments” thus conducted by an interested party, and in the absence of his adversary, is always received with suspicion, and is more or less discredited.

Moreover, Whitehead’s answer [73] to defendant’s first interrogatory [68] contradicts his oral testimony that he could obtain no suitable ink.



It is likewise significant that Whitehead's advertisements constituting representations to the Nation's war plants, Exhibit A [71] affixed to defendant's Interrogatories, states:

*"Save valuable time and safe-guard your plant with Whitehead counterfeit-proof identification Cards and Badges made with combination shadow and wire type, multi-colored planchettes, water marked paper and engraved with specially prepared inks which bleed and change color when exposed to chemicals that dissolve thermoplastic."*

See also the advertisement, Exhibit B, affixed to the same Interrogatories [72], in which it is stated:

*"These [the identification cards] are engraved with specially prepared inks which bleed, and change color when exposed to the chemicals that dissolve thermoplastic, thereby preventing alterations."*

The only basis for appellee's attack upon the patent regarding disclosure was the absence of an ink formula. However, he understood the disclosure well enough to get into business manufacturing identification cards which his own counsel stipulated infringed claim 1 of the patent if broadly construed [40-41].

In contrast to Whitehead, appellant's expert Horowitz, the only expert at the trial, testified [92] that he had made the identification cards of the character desired, that samples of the ink made had been submitted to the Whitehead Co. [92], and that the selection of suitable materials, including inks, would be *"the most simple kind of a task"* [94].

3. The Lower Court's Observation in Its Memorandum Opinion That the Patentee Made No Discovery Is Erroneous.

Such comment [21] is not based on anything revealed in the prior patents in evidence, but on the court's interpretation of the testimony of appellant's expert witness Horowitz to the effect that any ink would be substantially *affected* by the use of a solvent such as acetate that would dissolve the covering (memorandum opinion [21] and finding X [23]). It is to be inferred that the reasoning back of the court's mental result is that all printed identification cards sealed in a soluble cover ever before made fulfilled the terms of the Ballou patent, and that since they previously existed Ballou could not make a discovery. Such reasoning is nowhere stated, but in an effort to clarify the point we are supplying it.

Now, if an identification card having the characteristics of the patented card ever previously existed, no one was aware of it. Why were such cards not in use? The Goodsell patent reference was issued in 1913, previous to World War I.

Lack of discovery was a defense not advanced by the appellee who initiated the litigation and attack upon the patent by his complaint for declaratory relief. It was injected by the trial court on the erroneous premise that *affecting* an ink is synonymous with causing an ink to *bleed or become distorted*.

Regardless of whether or not all inks are affected by a solvent, all inks will not bleed or become distorted by a solvent. Therein lies the crux of the patent.

The Patent does not depend upon merely “affecting” an ink, but upon its bleeding, blotting or running, or, as stated in claim 1, for example [47]:

“. . . so as to disclose tampering . . . through *distortion* of the matter by the action of the contact-ing solvent.”

“Distort,” according to Webster’s International Dictionary, means:

“1. To twist out of natural or regular shape; to twist aside physically; as, to *distort* the limbs, or the body. . . .

2. To force or put out of true posture or direction. . . .

Syn.—Twist, wrest, deform.”

But “affect,” according to the Standard Abridged version of the same authority, means:

“1. To lay hold of or attack (as a disease does); to act or produce an effect upon; to impress or influence . . . to touch.”

Ballou, the patentee, fully clarified his intention in the descriptive section of his specification [46], column 1, lines 63-73:

“From the above it must be understood that the main principle involved is to provide an *easily distinguishable* appearance with distinct and clear-cut outlines when and while in undisturbed form and condition, which, however, will result in just as *readily distinguishable appearance of an unclear blurred outline, or distorted*, when tampered with, the whole identification with distinguishing controlling matter being encased whereby a forging is made practically impossible.”

Finding X [23], "That all inks would be substantially affected by the use of a solvent for the acetate cover," is therefore irrelevant. Its statement epitomizes the error into which the case has fallen. As the sole expert witness at the trial testified in his fruitless attempts to clarify the erroneous impression of the court [104-105]:

Question on cross-examination (by Mr. Frederick W. Lyon): "But *any* ink that was used up to today would bleed or run?"

Answer (testimony of David Horowitz): "*Not necessarily*. I want to get this clear. I made a statement before, and I want to clarify the thing if I may. You can absorb into the surface of the paper a sufficient degree of pigment so that the pigment remains after the vehicle has been washed out. Nonetheless, when ink is entirely broken down, it loses its value as a pigment media because then, in subsequent handling, you have nothing to hold that pigment. We have never succeeded in making an ink that would resist the action of a cellulose solvent. That was what I meant. **The question of the bleeding of color is an entirely different proposition.** Then we can use a **select** pigment that will commonly bleed under the action of almost any solvent."

\* \* \* \* \*

Question: "It is true, isn't it, that *any* ink manufactured will be defaced, so that tampering with it would seem [be seen], when acetone or ketone are applied to it?"

Answer: "No. \* \* \*"

## II.

### The Patent in Issue Is Fortified by:

#### 1. Presumption of Validity.

In *Park-In-Theatres v. Rogers*, 130 F. (2d) 745, 747, C. C. A. 9, 1942, this court held:

“The issuance of a patent is presumptive evidence of invention and patentability. The presumption is so strong that in the event of a reasonable doubt as to patentability or invention, that doubt must be resolved in favor of validity of the patent.”

Citing *Mumm v. Decker*, 301 U. S. 168, 171.

The rule is established by a long list of cases:

*Wilson & Willard Mfg. Co. v. Bole*, 227 Fed. 607, 609, C. C. A. 9, 1915;

*Schumacher v. Buttonlath Mfg. Co.*, 292 Fed. 522, 523, C. C. A. 9, 1920;

*Chester N. Weaver, Inc., v. American Chain Co.*, 9 F. (2d) 372, 380, C. C. A. 9, 1925;

*Bankers' Utilities Co. v. Pacific National Bank*, 18 F. (2d) 16, 18, C. C. A. 9, 1927;

*Stoody v. Mills Alloys*, 67 F. (2d) 807, 809, C. C. A. 9, 1933;

*Reinharts Inc. v. Caterpillar Tractor Co.*, 85 F. (2d) 628, 630, C. C. A. 9, 1936.

Moreover, where prior art patents are considered by the Patent Office, which thereupon upholds the patent, the presumption of validity over the prior art cited is strengthened.

*J. A. Mohr & Son v. Alliance Securities Co.*, 14 F. (2d) 799, 800, C. C. A. 9, in which this court held:

“And the presumption that a patented combination is new and useful and embodies invention has added force where, as here, it appears that the patents relied upon as showing anticipation were considered by expert patent office officials.”

## 2. Board of Appeals Decision.

The issuance of the Ballou patent after an appeal to the Board of Appeals of the Patent Office strengthens the presumption of validity and invention.

*Celanese Corp. of America v. Essley Shirt Co.*, 98 F. (2d) 895, 896, C. C. A. 2 (citing *J. A. Mohr & Son v. Alliance Securities Co.*, *supra*);

*Trane Co. v. Nash Engineering Co.*, 25 F. (2d) 267, 268, C. C. A. 1;

*Wayne Mfg. Co. v. Coffield Motor Washer Co.*, 227 Fed. 987, 989, C. C. A. 8.

## 3. Utilization of the Invention by Appellee and Numerous Customers.

Wide commercial adoption of the patented article was evidence of invention.

*Payne Furnace & Supply Co. v. Williams-Wallace Co.*, 117 F. (2d) 823, 826, C. C. A. 9, 1941, cert. denied 61 S. Ct. 958, rehearing denied 61 S. Ct. 1095;

The advertisements of Appellee Whitehead & Company not only clearly indicate the manufacture of an identification card made in accordance with the specification and



claims of the patent in suit, but also assert the adoption of the infringing card by the following companies, Exhibit A of Interrogatories [71]:

“A few users of Whitehead products and equipment:

Anaconda Copper Mining Co.

Basic Magnesium Corp.

Bendix Aviation Corp.

Bethlehem Steel Corp. (Fairfield Shipyard Div.)

Black and Decker

Calif. Shipbuilding Corp.

Caterpillar Tractor Co.

Century Electric Co.

Chicago Flexible Shaft Co.

Consolidated Aircraft Corp.

Douglas Aircraft Corp.

Firestone Rubber Co.

Ford Motor Company

Goodyear Aircraft Corp.

Grunman Aircraft Eng. Corp.

Kaiser Company (Henry J. Kaiser)

Lockheed Aircraft Corp.

Glenn L. Martin Co.

Mack Manufacturing Co.

National Cash Register Co.

Oregon Shipbuilding Co.

Pratt & Whitney Aircraft Corp.

Standard Oil Co.

Timken Roller Bearing Co.

Underwood Elliot Fisher Co.

United Aircraft Corp.

U. S. Army

U. S. Army Air Forces

U. S. Coast Guard

U. S. Navy”

#### 4. Testimony of Expert Supporting Sufficiency of the Patent Disclosure.

It was established by the testimony of appellant's expert, Horowitz [104 *et seq.*], that there are at least two general types of inks:

1. Bleeding or soluble inks, and
2. Non-bleeding, insoluble inks, or stable inks, and that all inks are made up of a *pigment* and a *carrier* for the pigment. Horowitz' testimony further shows that the color is in the pigment, so that in a stable ink a solvent may wash away the carrier in a manner to leave the pigment in place, *i. e.*, merely "affected" or "touched" "as by disease." Such an ink would be *permanent* or *stable* in the sense that the pigment would not run or bleed but would merely remain *in situ*, bonded into the fibre of the card.

On the other hand, there are pigments which are "fugitive" and "bleed" or "run" under the influence of any given solvent or class of solvents. Thus, there are pigments which run when subjected to any solvent for cellulose acetate, just as there are pigments (found in ordinary "washable" inks) which run or bleed in water. And there are inks of the well-known "permanent" or "India" variety which will not run or bleed in water but will, for example, dissolve in acid, or alkali or any one or another of the legion of solvents.

Horowitz holds a Doctor of Science degree, and is an ink manufacturer with extensive experience [92].

The selection of the correct ink, or the making of a correct ink to fulfill the requirement of the patent is explained by Horowitz [92 *et seq.*]. As an ink expert he had no difficulty in supplying what was needed [94]. It was "the most simple kind of a task" [94].



The lower court commented [134]:

“It does appear that, in view of the testimony of the expert for the defendant, who appears to be a very well informed man, that a person skilled in the art on reading this patent would not have any too great difficulty in following it out.”

In view of such conclusion by the lower court, and the court's acceptance by its memorandum opinion of appellee's contention that one skilled in the art could follow the teachings of the patent without difficulty [21], the court's finding number IX [23], “That the patent in suit does not give or furnish the means of constructing such an identification card or the compounds used therein,” is manifestly inadvertent and is directly contrary to the evidence. That it was not intended is apparent by the omission in the conclusions of law to hold the patent invalid on such ground.

Even conceding for the purpose of argument that experimentation is proved necessary (*which fact appellee has not established*), the language of this court in *Schumacher v. Buttonlath Mfg. Co.*, *supra*, 292 Fed. Rep. 534, seems appropriate, wherein it is stated:

“Defendant contends further that the specification and claims do not make a sufficient disclosure of the process to enable anyone skilled in the art or science to which the process relates to practice the same and produce the results described in the patent without resorting to experiments, trials, or tests. R. S., Sec. 4888 (U. S. Comp. Stat., Sec. 9432.)

\* \* \* \* \*

“It is contended that no one can tell, except by independent experiment, how to conduct the claimed processes so as to have them successfully co-ordinate

and co-operate together, to produce the useful result required by the statute. This scope of experimental requirement, it is contended by the defendants, is beyond the disclosures of the specification and claims, and render such disclosures insufficient.

“This objection has been brought to the attention of the appellate courts of the United States in a number of cases, particularly in *Mowry v. Whitney*, 14 Wall. 620, 643, 20 L. Ed. 860;

*Carnegie Steel Co. v. Cambria Iron Co.*, 185 U. S. 403, 436, 437, 22 Sup. Ct. 698, 46 L. Ed. 968;

*Minerals Separation v. Hyde*, 242 U. S. 261, 270, 37 Sup. Ct. 82, 61 L. Ed. 286;

*Minerals Separation v. Butte Min. Co.*, 250 U. S. 336, 341, 39 Sup. Ct. 496, 63 L. Ed. 1019; and

*Snow et al. v. Kellar-Thomason Co.* in this Court, 241 Fed. 119, 120, 154 C. C. A. 119.

“These cases involve processes in which something had been left by the specification and claims to the skill of persons applying the processes. In the last two Supreme Court cases, the process related to the concentration of ores by process of oil flotation. By reason of the varied character of the ores to be treated, preliminary tests were required by the user to determine the amount of oil and the extent of agitation necessary in order to obtain the best results from the different ores. Speaking of this feature of the process and the alleged uncertainty of the specification and claims as to the amount of oil to be used in the application of the invention, the court said:

‘Untenable is the claim that the patent is invalid for the reason that the evidence shows that when different ores are treated preliminary tests must be made to determine the amount of oil and the extent of agitation necessary in order to obtain the best results. Such variation of treatment must be within the scope of the claims, and the certainty which the law requires in patents is not greater than is reasonable, having regard to their subject-matter. The composition of ores varies infinitely, each one presenting its special problem, and it is obviously impossible to specify in a patent the precise treatment which would be most successful and economical in each case. The process is one for dealing with a large class of substances, and the range of treatment within the terms of the claims, while leaving something to the skill of persons applying the invention, is clearly sufficiently definite to guide those skilled in the art to its successful application, as the evidence abundantly shows. This satisfies the law.’ ”

No case has been found where a patent was overthrown because any infringing *layman* claimed not to have been able to practice its teachings.

Appellee did not call an expert on the subject and the presumption arises that if he had the testimony would have been against him.

*Hann v. Venetian Blind Corp.*, 21 F. (2d) 913,  
affirmed 111 F. (2d) 455, 458, C. C. A. 9, 1940.

III.

**The Patent Should Be Broadly Construed Because  
There Is No Limiting Prior Art.**

It is axiomatic that the prior state of the art to which an invention belongs must be considered in construing any claim for that invention.

*Walker on Patents*, Deller's Ed., Vol. II, p. 1238,  
and cases there cited.

One who first invents an unique feature is entitled to a liberal construction of what he first brought into the art.

*Shakespeare v. Perrine Mfg. Co.*, 91 F. (2d) 199,  
C. C. A. 8, 1937.

IV.

**Infringement Is Established by Appellee's Answers  
to Interrogatories, Including His Own Advertisements,  
and by Stipulation of Appellee's Counsel.**

See appellant's interrogatory No. 1 [68]:

"State the elements used and the method of manufacture of the plaintiff's identification card and its envelope, as set forth in Paragraph V of the complaint."

The answer [73]:

"The elements used are two sheets of thermoplastic called cellulose acetate, a piece of paper having printed data thereon; the ink with which the data is printed bleeds and changes color when a solvent for the plastic is applied. The method of manufacture is to

place the piece of paper between the two sheets and place the same in a hydraulic hot platen laminating press.”

Also see Exhibits A [71] and B [72] attached to the interrogatories, comprising advertising literature of appellee Whitehead & Co.:

Quoting from Exhibit A:

“Save valuable time and safeguard your plant with Whitehead counterfeit-proof Identification Cards & Badges made with combination shadow and wire type, multi-colored planchettes, water marked paper *and engraved with specially prepared inks which bleed and change color when exposed to chemicals that dissolve thermoplastic.*”

And from Exhibit B:

*“These [identification cards] are engraved with specially prepared inks which bleed, and change color when exposed to the chemicals that dissolve thermoplastic, thereby preventing alterations.”*

Claims 1, 2, 4 and 5 of the Ballou patent read directly on such identification cards.

Appellee has through his counsel expressly admitted infringement of claim 1 [40-41], and has not pointed out anything to distinguish his card from claims 2, 4 and 5.

The lower court made no finding as to infringement, and the whole context of the record supports the conclusion that infringement is obvious.

Conclusion.

For these reasons, the judgment of the lower court should be reversed, the patent held valid and infringed, an accounting of profits and damages be ordered, and an injunction issue against further infringement.

Respectfully submitted,

HERBERT A. HUEBNER,

*Attorney for Appellant.*

Los Angeles, California, August 8, 1945.